

The
Management
University
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POST GRADUATE UNIVERSITY EXAMINATIONS

SCHOOL OF MANAGEMENT AND LEADERSHIP

DEGREE OF MASTER OF BUSINESS ADMINISTRATION

MBA 503: BUSINESS LAW AND ETHICS

DATE: 10TH APRIL 2018

DURATION: 3 HOURS

MAXIMUM MARKS: 60

INSTRUCTIONS:

1. Write your registration number on the answer booklet.
2. **DO NOT** write on this question paper.
3. This paper contains **FOUR (4)** questions.
4. Question **ONE** is compulsory.
5. Answer any other **TWO** questions.
6. Question **ONE** carries **30 MARKS** and the rest carry **15 MARKS** each.
7. **Write all your answers in the Examination answer booklet provided**

QUESTION ONE

Read the Case Study below carefully and answer the questions that follow:

CASE STUDY

May fair Bakeries Limited , a company incorporated in Kenya last 10 years/ Last month, the Chief Executive led the staff in celebrating their 10th anniversary in a spectacular event that was climaxed by display of fireworks and cutting of the cake. The CEO, in his speech, appreciated the staff together with the ever growing customer base for the hard work and resilience especially during the two previous years that the company faced stiff competition from its competitors. He underscored the fact that the company being the market leader in the country producing variety of brands such as whole meal bread, biscuits, pastries, cookies and cakes was exploring strategies on how to tap into the regional market stemming from the high demand of its products.

As a matter of fact, the company board of directors is scheduled to meet next week and discuss a board paper on the regional expansion of the company to Tanzania and Uganda. One of the key issues that the board members are going to discuss is how to engage bilaterally with consumers' regionally. Additionally, the Board members will require to get an understanding of how the international trade takes place and what obligations they are required to be seized of.

Moreover the CEO has also expressed the desire to have its key plant and machinery that have served the company in its operations for the last 10 years to be replaced with a new one to increase productivity if they are to fully meet the demands of the increasing customer base. The board is set to discuss these items as part of its agenda and pass a resolution that:

- May fair Bakeries Ltd be allowed (subject to fulfillment of legal requirements of setting up companies in foreign jurisdictions) to expand its presence by setting up new subsidiaries in Arusha and Entebbe in Tanzania and Uganda respectively, and,
- Mayfair Bakeries Ltd be allowed to import from Germany-Hamburg, x series of plant and machinery weighing 100,000 tons for processing and production of May fair Bakeries products.

In light of this new developments the CEO is hard pressed to explain to the Board what bilateral trade means as well as the obligations required by the company in case it passes a resolution to engage in bilateral trade with Tanzania and Uganda respectively. Being a seasoned expert on international trade, the CEO approaches you and requests you to prepare a separate board brief:

- i. Explaining what bilateral trade means. **(5 marks)**
- ii. The obligations required to be fulfilled if MayFair Bakeries Ltd is to engage in bilateral trade with Ugandan investors from the two countries. **(10 marks)**
The kind of engagement that Mayfair Bakeries Ltd will enter into when a resolution to purchase Plant & Machinery is made by the Board and its salient features of the contract as well as the minimum contents of the contractual documents if any. Discuss and prepare the appropriate brief. **(15 marks)**

QUESTION 2

The realm of international economic law and international trade law encompasses different legal systems having common understanding towards global commerce. Ideally it has been stated that its trade without imaginary borders. In light of the above, differentiate between international business and national trade while highlighting any similarities that both have. **(15 Marks)**

QUESTION 3

The term possession and ownership have always been interchangeably used in commerce. In your understanding while citing appropriate illustrations where possible, explain in what circumstances a seller of goods in international carriage of goods by sea will have possession of property and whether any ownership of property lies with the seller. **(15 marks)**

QUESTION 4

- a) What do you understand by the term bill of lading,

- b) Are there any advantages that an electronic bill of lading has over traditional bill of lading and what are the risks associated with such payment stream?

(15 marks)